

**Post-Conviction Defender Commission**

**For the Years Ended  
June 30, 2001, and June 30, 2000**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**

State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

John G. Morgan  
Comptroller

June 27, 2002

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and

The Honorable Richard McGee, Chair  
Post-Conviction Defender Commission  
530 Church Street, Suite 600  
Nashville, Tennessee 37243  
and

Mr. Don Dawson  
Post-Conviction Defender  
530 Church Street, Suite 600  
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Post-Conviction Defender Commission for the years ended June 30, 2001, and June 30, 2000.

The review of management's controls and compliance with policies, procedures, laws, and regulations resulted in a finding which is detailed in the Objectives, Methodologies, and Conclusions section of this report.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/mb  
02/046



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
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February 12, 2002

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have conducted a financial and compliance audit of selected programs and activities of the Post-Conviction Defender Commission for the years ended June 30, 2001, and June 30, 2000.

We conducted our audit in accordance with government auditing standards generally accepted in the United States of America. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the Post-Conviction Defender Commission's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Post-Conviction Defender Commission is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed a finding which is detailed in the Objectives, Methodologies, and Conclusions section of this report. The commission's administration has responded to the audit finding; we have included the response following the finding. We will follow up the audit to examine the application of the procedures instituted because of the audit finding.

We have reported other less significant matters involving the commission's internal controls and/or instances of noncompliance to the Post-Conviction Defender Commission's management in a separate letter.

Sincerely,

Arthur A. Hayes, Jr., CPA,  
Director

AAH/mb

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Post-Conviction Defender Commission**  
For the Years Ended June 30, 2001, and June 30, 2000

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## AUDIT SCOPE

We have audited the Post-Conviction Defender Commission for the period July 1, 1999, through June 30, 2001. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of revenue, expenditures, equipment, and payroll and personnel. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America.

## AUDIT FINDING

### **The Commission Should Submit Invoices and Travel Claims Timely for Payment**

Invoices were not paid timely as required by the Department of Finance and Administration's (F&A) Policy 15, and reimbursement for travel was not timely as required by F&A Policy 8 (page 3).

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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**Audit Report**  
**Post-Conviction Defender Commission**  
**For the Years Ended June 30, 2001, and June 30, 2000**

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# **Post-Conviction Defender Commission**

## **For the Years Ended June 30, 2001, and June 30, 2000**

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### **INTRODUCTION**

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#### **POST-AUDIT AUTHORITY**

This is the report on the financial and compliance audit of the Post-Conviction Defender Commission. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

#### **BACKGROUND**

The Post-Conviction Defender Commission is an independent agency. It is the mission of the Post-Conviction Defender Commission to ensure that a qualified attorney is appointed to the position of Post-Conviction Defender. The office of the Post-Conviction Defender was created “to provide for the representation of any person convicted and sentenced to death who is unable to secure counsel due to indigence, and that legal proceedings to challenge such conviction and sentence may be commenced in a timely manner and so as to assure the people of this state the judgements of its courts may be regarded with the finality to which they are entitled in the interest of justice.”

The Post-Conviction Defender is to provide the highest possible caliber of legal representation to indigent death-sentenced inmates in Tennessee. The legal representation is to ensure that Tennessee’s death penalty is never carried out in an arbitrary manner, against an indigent defendant who was not guilty of the offense for which he or she had been convicted.

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### **AUDIT SCOPE**

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We have audited the Post-Conviction Defender Commission for the period July 1, 1999, through June 30, 2001. Our audit scope included a review of management’s controls and

compliance with policies, procedures, laws, and regulations in the areas of revenue, expenditures, equipment, and payroll and personnel. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America.

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## **PRIOR AUDIT FINDINGS**

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There were no findings in the prior audit report.

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## **OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS**

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### **REVENUE**

The objectives of our review of the revenue controls and procedures for the Post Conviction Defender Commission were to determine whether

- revenue transactions were reasonable and valid,
- the petty cash fund was appropriately authorized by the Department of Finance and Administration,
- auditee records were reconciled with Department of Finance and Administration reports, and
- revenue collected during the audit period has been deposited and accounted for in the appropriate fiscal year.

We reviewed the applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation to gain an understanding of the commission's procedures and controls over revenue. All revenue transactions, excluding FICA credits, were tested. The revenue transactions were traced to deposit slips, and journal vouchers and were reviewed for adequate support, correctness of the deposit, and proper coding and recording. We compared the commission's petty cash amount with the Department of Finance and Administration authorized petty cash amount. We discussed reconciliation procedures for revenue records with the auditee, and we reviewed the supporting documentation.

Based on our interviews, reviews of supporting documentation, and testwork, the commission's revenue controls and procedures appeared to be adequate. Revenue transactions were reasonable and valid and were deposited and accounted for in the appropriate fiscal year.

Petty cash was appropriately authorized, and the auditee's records were reconciled with Department of Finance and Administration reports.

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## **EXPENDITURES**

The objectives of our review of expenditure controls and procedures in the Post-Conviction Defender Commission were to determine whether

- expenditure transactions were reasonable and valid,
- recorded expenditures were for goods or services authorized and received,
- the object code and amount had been recorded correctly,
- payments had been made in a timely manner,
- auditee records were reconciled with Department of Finance and Administration reports, and
- payments for travel had been paid in accordance with the Comprehensive Travel Regulations.

We reviewed the applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation to gain an understanding of the commission's procedures and controls over expenditures. A sample of expenditures was selected and tested to determine if expenditures had been properly recorded and approved and were for goods or services authorized and received. Expenditures were also tested to determine if the object code and amount had been recorded correctly and if payment had been made timely. Travel expenditure transactions were tested for compliance with regulations.

Based on our reviews, interviews, and testwork, the commission's procedures and controls over expenditure transactions appeared adequate except for prompt payment processing of invoices. Overall, the expenditure transactions were reasonable, valid, and recorded correctly. Goods or services were authorized and received. Travel claims were not filed timely as required by the Comprehensive Travel Regulations. These weaknesses are discussed in the following finding.

### **The commission should submit invoices and travel claims timely for payment**

#### **Finding**

The Post-Conviction Defender Commission (PCDC) did not have adequate controls in place to ensure expenditure payments for vendor invoices and employee travel claims were

submitted to the Department of Finance and Administration (F&A) in accordance with state policy. The following weaknesses were noted.

- The commission failed to submit expenditure transactions to F&A to allow payments to be made by the due date.
- For fiscal year 2000, 5 travel claims and 4 vendor invoices of 25 expenditure transactions tested (36%) were late. The state also lost the available vendor discounts for the 4 invoices.
- For fiscal year 2001, 2 travel claims and 6 vendor invoices of 25 expenditure transactions tested (32%) were late. The state also lost the available discount for 4 of the 6 vendor invoices.

Department of Finance and Administration Policy 15.6(a)(b), Assigning Payment Dates for the Processing of Disbursement Vouchers for Payment of Invoices, requires that,

If the terms of the contract or the invoice do not specify a due date or the invoice states “due upon receipt,” the due date shall be thirty (30) days from the date of receipt of the invoice or the goods or services, whichever is later. If the terms of the contract or the invoice specify a discount date, the due date shall be the discount date.

Per Department of Finance and Administration Policy 8.10, Comprehensive Travel Regulations,

Employees should submit claims for reimbursement for travel expense no later than thirty (30) days after completion of travel.

Without adequate controls in place, PCDC did not ensure that payments were made timely and allowable discounts were taken.

### **Recommendation**

The Post-Conviction Defender Commission should make certain that controls are in place to ensure compliance with state policy requiring that payments are made timely and discounts are taken.

### **Management’s Comment**

We concur with your finding that Post-Conviction Defender Commission did not have adequate controls in place to ensure expenditure payments for vendor invoices were submitted to the Department of Finance and Administration (F&A) in accordance with state policy. Now that

this has been brought to our attention, we have established a policy of making certain that the invoices are handled promptly. On occasion, a delay will continue to be beyond our control. The state mail system has proven less than reliable regarding the prompt delivery of our mail, and since OIR has not permitted us to print disbursement voucher registers on-line, we have been subjected to delays caused by the registers being placed in the wrong lock box at the Data Center. We have also on occasion delayed submission of the invoice to avoid fees charged by F&A for STARS transactions by waiting to accumulate several small invoices and because we were informed by F&A that paying invoices early deprived the state of the interest income on the funds. Although we would observe that with an approximate supplies budget of \$10,000 per year, even if we failed to take advantage of all vendor discounts at 2% the total loss of state funds would be \$200, we have now set a priority of taking advantage of the 2% vendor discount.

We concur with the finding that employee travel claims were not submitted to the Department of Finance and Administration in accordance with state policy. In the past, we have informed employees of the need to file travel claims immediately following travel. However, we have been lenient on their failure to do so and have approved travel vouchers that are submitted more than 30 days after the travel is completed. The major area for this late filing has been with regard to vicinity mileage for matters such as visits to clients at the prison. We have now indicated to the staff that we will no longer approve travel claims submitted to the office manager later than 30 days after the travel, without substantial explanation for the delay.

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## EQUIPMENT

The objectives of our review of the equipment controls and procedures in the Post Conviction Defender Commission were to determine whether

- the equipment on the Property of the State of Tennessee (POST) property listing was on the commission's equipment listing,
- the information on the POST property listing was properly recorded, and
- equipment was adequately safeguarded.

We interviewed key personnel and reviewed supporting documentation to gain an understanding of the commission's procedures and controls over equipment. The commission's equipment listing and POST's equipment listing were compared to determine if the information agreed. We reviewed equipment items nonstatistically selected from the property listing, and the description and tag number were verified. Also, equipment items nonstatistically selected from the commission's office were traced to the commission's equipment listing to determine if the items were appropriately identified on the list. We observed and discussed the safeguarding of equipment with the auditee.

Based on the reviews, interviews, and testwork, the commission's procedures and controls over equipment appeared adequate. The commission's equipment listing was complete,

information was properly recorded on POST, and the equipment items were adequately safeguarded.

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## **PAYROLL AND PERSONNEL**

The objectives of our review of the payroll and personnel controls and procedures in the Post-Conviction Defender Commission were to determine whether

- payroll (wages, salaries, and benefits) disbursements and deductions were proper and agreed with supporting documentation;
- leave was accrued and taken in accordance with applicable guidelines;
- newly hired employees were qualified for their positions and their initial wage was correct; and
- terminated employees' final pay was accurate.

We interviewed key personnel and reviewed supporting documentation to gain an understanding of the commission's procedures and controls over payroll and personnel. We tested a nonstatistical sample of payroll transactions. We traced the payroll transaction to the payroll register, personnel file, and leave and attendance records to determine whether payroll disbursements and deductions were proper and agreed with supporting documentation and whether leave was accrued and taken in accordance with applicable guidelines. For newly hired employees in the sample, we reviewed their personnel files and initial payroll registers to determine if the employees met the job qualifications and their initial wage was correct. For terminated employees in the sample, we reviewed their personnel files, leave and attendance records, and final payroll registers to determine if the employees' final pay was accurate.

Based on our interviews, reviews, and testwork, the commission's controls over payroll and personnel appeared adequate. Payroll disbursements and deductions were proper and agreed with supporting documentation. Leave was accrued and taken in accordance with applicable guidelines. Newly hired employees were qualified for their positions, and their initial wage was correct. The final pay for terminated employees was accurate.

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## **APPENDIX**

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### **ALLOTMENT CODE**

308.01 Post-Conviction Defender